

NAOS ABSOLUTE OPPORTUNITIES  
COMPANY LIMITED

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**NAOS Absolute Opportunities Company Limited**

**ASX Codes : NAC**

**: NACO**

**ACN : 169 448 837**

**Appendix 4D**

**Half-year results announcement for the period from 8<sup>th</sup> May 2014 to 7<sup>th</sup> November 2014**

	\$	up/down	% change
Revenue from ordinary activities	-	Not applicable	Not applicable
Profit from ordinary activities before tax attributable to members	(82)	Not applicable	Not applicable
Profit from ordinary activities after tax attributable to members	(82)	Not applicable	Not applicable
<b>Dividend Information</b>	<b>Cents per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
2014 Interim dividend	-	-	-
			<b>7 November 2014</b>
			<b>\$</b>
Net tangible asset backing			1.000
This report is based on the half-year financial report which has been subject to independent review by the auditors, Deloitte Touche Tohmatsu Australia. All the documents comprise the information required by the Listing Rule 4.2A.			

**NAOS Absolute Opportunities Company Limited**

**ACN 169 448 837**

Half-year report for the financial period from 8 May 2014 to 7 November 2014.

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## Directors' Report

The directors of NAOS Absolute Opportunities Company Limited ACN 169 448 837 ("the Company"), submit their half-year report for the Company for the period from 8 May 2014 to 7 November 2014.

### Company Information

#### Directors and Officers

The names of the directors of the Company, in office from inception and up to the date of this report are:

Name	Title
David Rickards	Independent Chairman (appointed from 8 May 2014)
Warwick Evans	Director (appointed from 8 May 2014)
Sebastian Evans	Director (appointed from 8 May 2014)

#### Principal Activities

The Company was incorporated on 8 May 2014 to invest primarily in listed investments both domestically and offshore through a long/short structure that can produce positive absolute returns through the cycle with a lower correlation to general equity market movements. The Company can invest in unlisted instruments from time to time.

The company successfully raised \$21,500,000 through the initial public offering. The investment manager will look to deploy this capital post listing as per the investment strategy articulated within the prospectus.

### Review of Operations

#### Results

The results of the operations of the Company are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these financial statements. The results and dividends for the period from 8 May 2014 to 7 November 2014 were as follows:

	Period from 8 May 2014 to 7 November 2014 \$
Loss before income tax expense	(82)
Income tax expense	-
<b>Loss for the period</b>	<b>(82)</b>
<b>Loss for the period attributable to members</b>	<b>(82)</b>

#### Dividends Paid or Payable

No dividends were paid or declared during the period from 8 May 2014 to 7 November 2014.

#### Net Assets

As at 7 November 2014, the net assets of the Company were:

	7 November 2014 \$
Net assets as per Statement of Financial Position	21,499,918
Undiluted NTA per share	1.000
Diluted NTA per share	1.000

***Net Assets (continued)***

In relation to the calculation of diluted NTA per share, options are not considered to have a dilutive effect, as the average market price of ordinary shares of the company during the period did not exceed the exercise price of the options.

***Significant Changes in State of Affairs***

There were no significant changes in the state of affairs of the Company.

***Subsequent Events***

The Company was admitted to the official Australian Stock Exchange list on 11 November 2014 and commenced operations on 12 November 2014.

Other than the above there has been no other matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

***Likely Developments***

The Company will be managed in accordance with the Constitution and investment objectives as detailed in the Prospectus dated 26 September 2014.

***Environmental Regulation and Performance***

The operations of the Company are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Company.

***Indemnification of Directors, Officers and Auditors***

The Company has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability as such an officer or auditor.

***Rounding***

The amounts contained in this report and in the financial statements have not been rounded to the nearest thousand dollars under the option available to the Company under ASIC Class Order 98/0100. The company is an entity to which the class order applies.

***Auditor's Independence Declaration***

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of directors of the Company made pursuant to Section 306(3) of the Corporations Act 2001.



Sebastian Evans

Director

18 December 2014

The Board of Directors  
Naos Absolute Opportunities Company Limited  
Level 4, Domain House  
139 Macquarie Street  
Sydney, NSW, 2000

18 December 2014

Dear Directors,

## **Naos Absolute Opportunities Company Limited**


In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Naos Absolute Opportunities Company Limited.

As lead audit partner for the review of the financial statements of Naos Absolute Opportunities Company Limited for the period from 8 May 2014 to 7 November 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

  
DELOITTE TOUCHE TOHMATSU

  
Declan O'Callaghan  
Partner  
Chartered Accountants



## **Independent Auditor's Review Report to the Members of Naos Absolute Opportunities Company Limited**

We have reviewed the accompanying half-year financial report of Naos Absolute Opportunities Company Limited, which comprises the statement of financial position as at 7 November 2014, and the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the period from 8 May 2014 to 7 November 2014, selected explanatory notes and, the directors' declaration as set out on pages 6 to 17.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Naos Absolute Opportunities Company Limited's financial position as at 7 November 2014 and its performance for the period from 8 May 2014 to 7 November 2014; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Naos Absolute Opportunities Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance

that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Naos Absolute Opportunities Company Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Naos Absolute Opportunities Company Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 7 November 2014 and of its performance for the period from 8 May 2014 to 7 November 2014; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Declan O'Callaghan*

Declan O'Callaghan  
Partner  
Chartered Accountants  
Sydney, 18 December, 2014



**Statement of Profit or Loss and Other Comprehensive Income for the period from 8 May 2014 to 7 November 2014**

	Period from 8 May 2014 to 7 November 2014 \$
<b>Income</b>	-
<b>Expenses</b>	
Bank and broker expenses	(82)
<b>Loss before income tax expense</b>	<b>(82)</b>
Income tax expense	-
<b>Loss for the period attributable to shareholders of the Company</b>	<b>(82)</b>
<b>Other comprehensive income</b>	-
<b>Total comprehensive loss for the period attributable to shareholders of the Company</b>	<b>(82)</b>
<b>Basic earnings per share</b>	-
<b>Diluted earnings per share</b>	-

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Statement of Financial Position as at 7 November 2014**

	Note	7 November 2014 \$
<b>Assets</b>		
Cash and cash equivalents		21,499,918
<b>Total assets</b>		<b>21,499,918</b>
<b>Liabilities</b>		-
<b>Net assets</b>		<b>21,499,918</b>
<b>Equity</b>		
Issued capital - Ordinary shares	2	19,633,800
Share option reserve	3 (b)	1,866,200
Accumulated deficit	3 (a)	(82)
<b>Total equity</b>		<b>21,499,918</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

## Statement of Changes in Equity for the period from 8 May 2014 to 7 November 2014

	Note	Issued capital \$	Share option reserve \$	Accumulated deficit \$	Total \$
<b>Balance at 8 May 2014</b>		-	-	-	-
Loss for the period	3 (a)	-	-	(82)	(82)
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive loss for the period</b>		-	-	(82)	(82)
Shares issued during the period	2	19,633,800	-	-	19,633,800
Options attached to ordinary shares issued during the period	3 (b)	-	1,866,200	-	1,866,200
<b>Balance at 7 November 2014</b>		<b>19,633,800</b>	<b>1,866,200</b>	<b>(82)</b>	<b>21,499,918</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Statement of Cash Flows for the period from 8 May 2014 to 7 November 2014**

	Period from 8 May 2014 to 7 November 2014 \$
<b>Cash flows from operating activities</b>	
Other payments	(82)
<b>Net cash used in operating activities</b>	(82)
<b>Cash flows from financing activities</b>	
Receipts from share issues	21,500,000
<b>Net cash provided by financing activities</b>	21,500,000
<b>Net increase in cash and cash equivalents</b>	<b>21,499,918</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>21,499,918</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

## Notes to the Financial Statements

### General Information

NAOS Absolute Opportunities Company Limited (the "Company") is an Australian registered managed investment company. The Company was incorporated on 8 May 2014.

The registered office and principal place of business of the Company is Level 4, Domain House 139 Macquarie Street Sydney NSW 2000.

NAOS Asset Management Limited (the "Investment Manager") is the investment manager of the Company. The financial statements were authorised for issue by the Directors on 18 December 2014.

### 1. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### ***a) Basis of Preparation***

This general purpose half-year financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board (the "AASB"), and the Corporations Act 2001 in Australia. For the purposes of preparing financial statements, the Company is a for profit entity.

This general purpose financial report has been prepared on an accruals basis using historical cost convention.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

Other than the items detailed in the accounting policies below there are no differences in actual and estimated results.

#### ***b) Statement of Compliance***

The half-year report is a general purpose financial report in accordance with the Corporations Act 2001 and AASB 134 *'Interim Financial reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards ("IFRS") IAS 34 *'Interim Financial reporting'*. A typical half-year report does not include notes of the type normally included in an annual report. As this report is the first half-year financial report, a full list of accounting policies have been included.

#### ***c) Reporting Currency***

All amounts are presented in Australian dollars as the functional and presentational currency of the Company.

#### ***d) Going Concern Basis***

This financial report has been prepared on a going concern basis.



## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### *e) Revenue and Income Recognition*

##### **Revenue**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Net gains/(losses) on financial instruments held at fair value through profit or loss arising on a change in fair value calculated as the difference between the fair value at the period end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

##### **Dividends**

Dividend income is recognised on the ex-dividend date with the corresponding foreign withholding tax recorded as an expense.

##### **Interest Income**

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

#### *f) Cash and Cash Equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

#### *g) Investments in Financial Instruments*

Investments in financial instruments, as defined by AASB 132 'Financial Instruments: Presentation', are categorised in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'. This classification is determined by the purpose underpinning the acquisition of the investment. The classification of each financial instrument is re-evaluated at each financial period end.

#### *(i) Classification*

The Company's investments are categorised at fair value through profit or loss.

#### **Financial Instruments Designated at Fair Value through Profit or Loss**

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded equity instruments.

Financial assets and financial liabilities designated at fair value through profit or loss at commencement of operations are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### *g) Investments in Financial Instruments (continued)*

##### *(ii) Recognition/derecognition*

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets and financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all the risks and rewards of ownership.

##### *(iii) Measurement*

##### *Financial Assets and Liabilities held at Fair Value through Profit or Loss*

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income.

##### *Fair Value in an Active Market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Company is the current close price.

Net gains/(losses) on financial instruments held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at period end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

##### *h) Expenses*

All expenses, including Investment Manager's fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

##### *i) Receivables*

Receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 1 (e) above. Receivables include such items as Reduced Input Tax Credits ("RITC").

##### *j) Payables*

Trade and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Payables include liabilities, amounts due to brokers and accrued expenses owing by the Company which are unpaid as at the end of the reporting period.



## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### **k) Taxation**

The income tax expense comprises current and deferred tax.

Current income tax expense is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Current and deferred tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### **l) Dividends**

Dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

#### **m) Foreign Currency Transactions**

Transactions in foreign currencies are brought to account at the prevailing exchange rates at the date of the transaction. Foreign currency monetary items are translated at the exchange rate existing on reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The differences arising from these foreign currency translations are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

#### **n) Share Capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

#### **o) Share Option Reserve**

The share option reserve is measured at the fair value of the Options at the date of issue. Subsequent to this date, the share option reserve is adjusted, with a corresponding entry to share capital, only on exercise of the Options by shareholders for the amount residing in the share option reserve relating to the Options exercised.

At the end of the Option period (30 November 2016), the amount relating to unexercised Options residing in the share option reserve, will be transferred to a capital reserve.

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### *p) Goods and Services Tax ("GST")*

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the tax authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### *q) Earnings Per Share*

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share are calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

#### *r) Critical accounting judgements and key sources of estimation uncertainty*

In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the determination of the value of investments are outlined in notes 1 (g) of these financial statements.

### 2. Issued Capital

The company has maximum authorised number of shares of 50,000,000. Issued shares do not have a par value.

	7 November 2014	
	No. of shares	\$
Issued and paid up capital - Ordinary shares	21,500,000	19,633,800

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and the Corporations Act. The detailed provisions relating to the rights attaching to shares under the Constitution and the Corporations Act are summarised below.



## Notes to the Financial Statements

### 2. Issued Capital (continued)

Each share will confer on its holder:

- (a) the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the constitution and the Corporations Act;
- (b) the right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (c) the right to receive dividends;
- (d) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to the rights of a liquidator of the Company (with consent of members by special resolution); and
- (e) subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

### Movements in Ordinary Share Capital

Date	Details	No. of shares	Issue price \$	\$
8 May 2014	Opening balance	-		-
	Ordinary shares issued	21,500,000	1.00	21,500,000
	Share option reserve			(1,866,200)
7 November 2014	Closing balance	<u>21,500,000</u>		<u>19,633,800</u>

As a part of the initial public offering, 3 options were issued at zero cost for every 4 shares subscribed. In addition to these, the Company issued the Investment Manager 0.25 options for every dollar raised in the capital transaction in exchange for the Investment Manager bearing the costs associated with the capital raising. The Investment Manager has valued the options at \$0.0868 per option as at the date of issue of the options (7 November 2014). The terms and conditions of the options are described in note 3(b).

### 3. Reserves

#### a) Accumulated Deficit

	Period from 8 May 2014 to 7 November 2014 \$
Opening balance	-
Net loss attributable to members of the Company	(82)
Closing balance as at 7 November 2014	<u>(82)</u>

#### b) Share Option Reserve

The fully paid ordinary shares were issued with 3 attaching options for every 4 shares subscribed. The options will expire on 30 November 2016.

The terms and conditions of the options are as follows:

- The Company maintains a register of holders of options in accordance with Section 168(1) (b) of the Corporations Act.
- An option may be transferred or transmitted in any manner approved by the ASX.



## Notes to the Financial Statements

### 3. Reserves (continued)

#### b) Share Option Reserve (continued)

- An option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Options, signed by the registered holder of the option, together with payment to the Company of \$1.00 per option being exercised and the relevant option certificate.
- An option may be exercised on any business day from the date of grant to 30 November 2016, (inclusive) but not thereafter.
- A Notice of Exercise of Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.
- options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of options rank equally with other issued shares of the Company 7 Business Days after their date of issue and are entitled to dividends paid on and from this date.

In addition to the 3 options attached to every 4 shares subscribed under the initial public offering, the Company issued the Investment Manager with 0.25 options for every dollar raised in the capital transaction. Options were issued in exchange for the Investment Manager bearing all costs associated with raising the capital. The Company successfully raised \$21,500,000 through the initial public offering, resulting in 5,375,000 options issued to the Investment Manager. Options have the same terms and conditions as those options attached to ordinary shares except that options issued to the Investment Manager are subject to escrow for 12 months from the date of listing.

The movement in the share option reserve is detailed below:

	Period from 8 May 2014 to 7 November 2014 \$
Opening balance	-
Options issued during the period	1,866,200
<b>Balance at the end of the period</b>	<b>1,866,200</b>

Within the \$1,866,200 valuation of the options, the Investment Manager owns \$466,550 (5,375,000 options valued at \$0.0868 per option).

### 4. Segment Information

The Company has only one reportable segment. The Company operates predominantly in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the investment portfolio.

### 5. Commitments and Contingencies

There are no commitments or contingencies at 7 November 2014.

### 6. Subsequent Events

The Company was admitted to the official Australian Stock Exchange list on 11 November 2014 and commenced operations on 12 November 2014.

Other than the above there has been no other matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Directors' Declaration

In accordance with a resolution of the Directors of NAOS Absolute Opportunities Company Limited, we declare that:

In the opinion of the Directors:

- the financial statements and notes are in accordance with the Corporations Act 2001 including compliance with Australian Accounting Standards and give a true and fair view of the financial position and performance of the Company for the financial period from 8 May 2014 to 7 November 2014; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'SEBASTIAN EVANS', written in a cursive style.

Sebastian Evans

18 December 2014

## Corporate Information

### Directors

David Rickards (Independent Chairman)  
Warwick Evans (Director)  
Sebastian Evans (Director)

### Company Secretary

Sebastian Evans

### Registered Office

Level 4, Domain House  
139 Macquarie Street  
Sydney NSW 2000  
Telephone: (02) 8064 0568  
Facsimile: (02) 8215 0037

### Investment Manager

NAOS Asset Management Limited  
Level 4, Domain House  
139 Macquarie Street  
Sydney NSW 2000  
(Australian Financial Services Licence Number: 273529)  
Telephone: (02) 8064 0568  
Facsimile: (02) 8215 0037

### Share Registry

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### Auditor

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